



## Health Reform Implementation

Warm Beach Christian Camp Annual Conference  
February 21, 2013

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# Topics for Today

- HCA Background
- Medicaid Overview
- Affordable Care Act (ACA) Coverage Opportunities
- Medicaid Expansion Estimates
- Ongoing Medicaid Expansion Policy Discussions
- Complementary Reform Efforts

# HCA Background

# HCA: Mission

Health care purchasing for:

- low-income families and individuals, and
- state employees, retirees, and their dependents

# HCA: Vision

Timely, affordable, evidence-based care in an appropriate venue, with improved value for the purchaser and consumer

- Organized systems of care with clear accountability for costs and outcomes
- Consumer-centric integration of medical, behavioral health and long-term services and support
- Informed consumer choice with access to qualified providers and increased personal responsibility for health
- Balance between prescriptiveness and innovation
- Public-private partnerships to adopt shared best practices
- Broad-based use of health information technology

# HCA: Organization



- 1,055 FTEs
- Headquarters: Cherry Street Plaza, 626 8th Avenue SE, downtown Olympia
- Chief Medical Officer: under recruitment
- Administration: 10 divisions

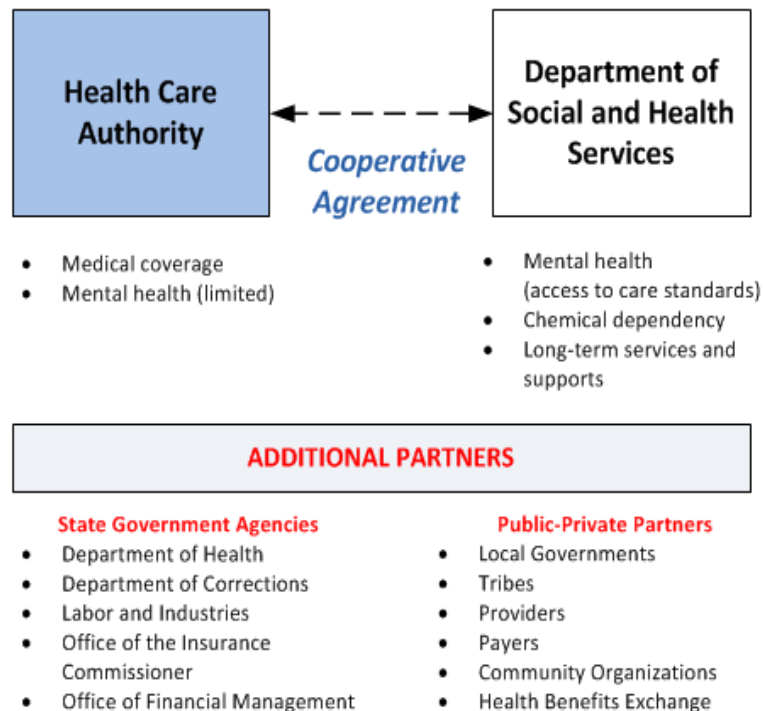
1. Public Employees Benefits
2. Communications
3. Eligibility Policy and Service Delivery
4. Employee Support Services
5. Enterprise Technology Services
6. Financial Services
7. Health Care Policy
8. Health Care Services
9. Legal and Administrative Services
10. Program and Payment Integrity

# 2011 Medicaid-HCA Merger

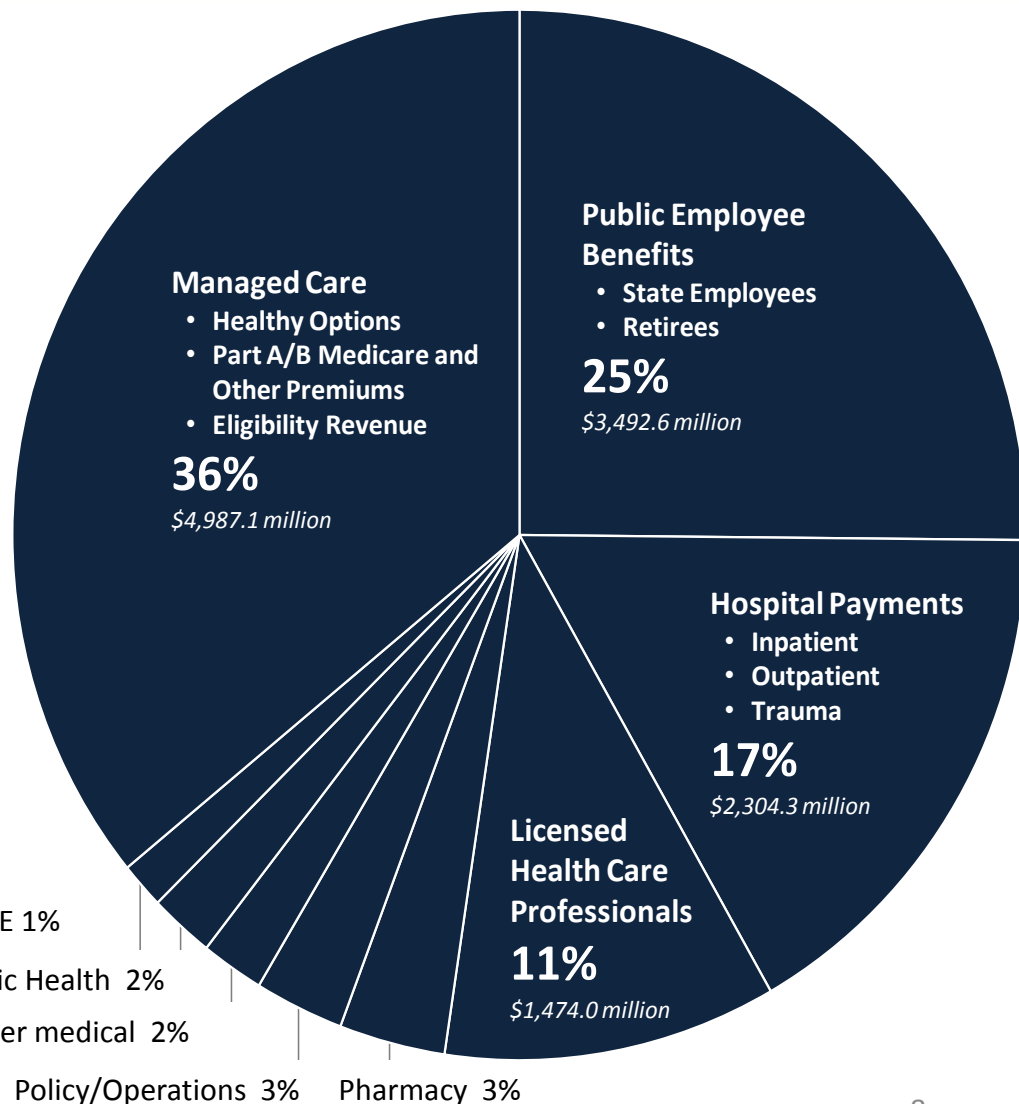
## GOAL:

Leverage effective purchasing strategies and prepare for 2014 national health reform

### Washington's "Single State Medicaid Agency"



# Major HCA Expenditures FY2011-13



**TOTAL = ~\$14 billion**

Medicaid/BH = \$10.5 billion

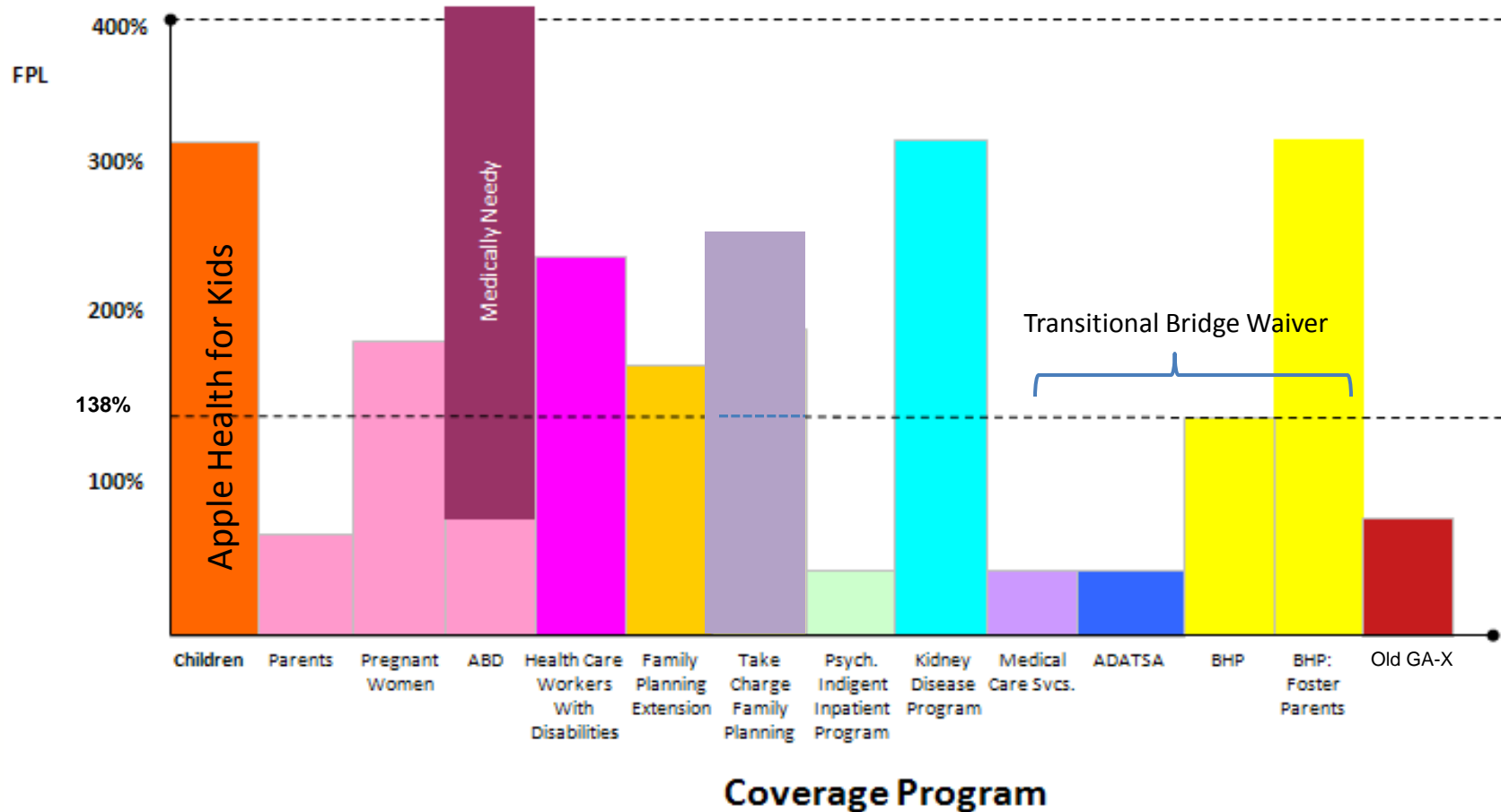
PEBB = \$3.5 billion

HCA's budget coupled with the other health-related spending, makes up nearly a third of the state's overall budget, second only to public education

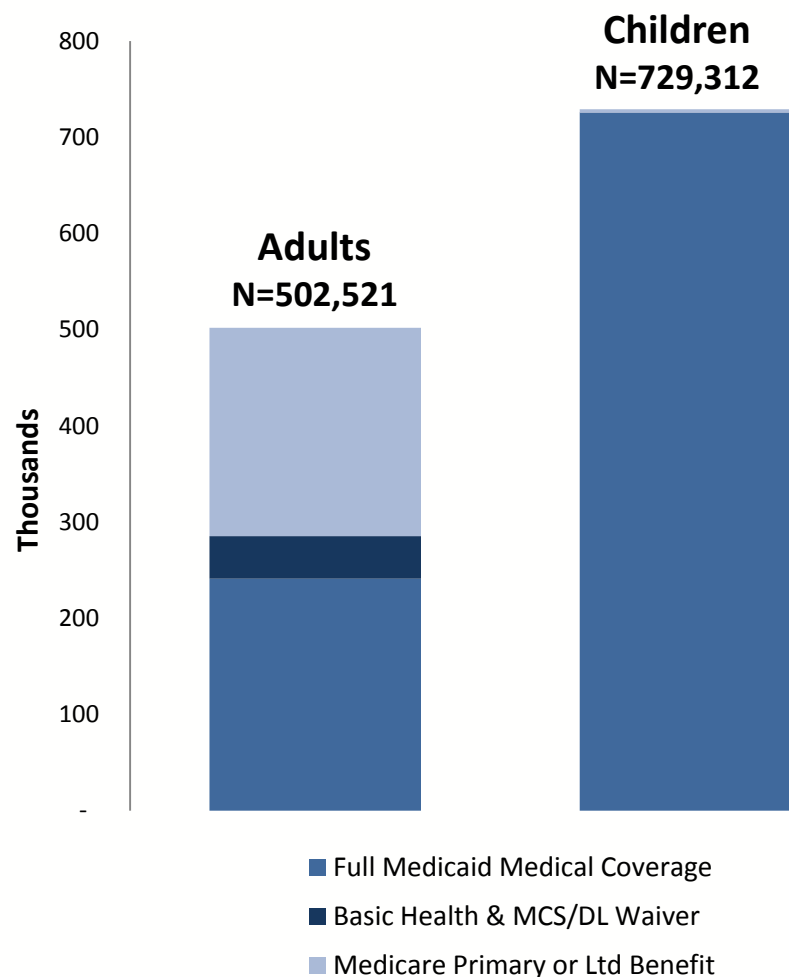


# Medicaid Overview

# Today's Washington State Landscape



# Washington's Medicaid Covers...

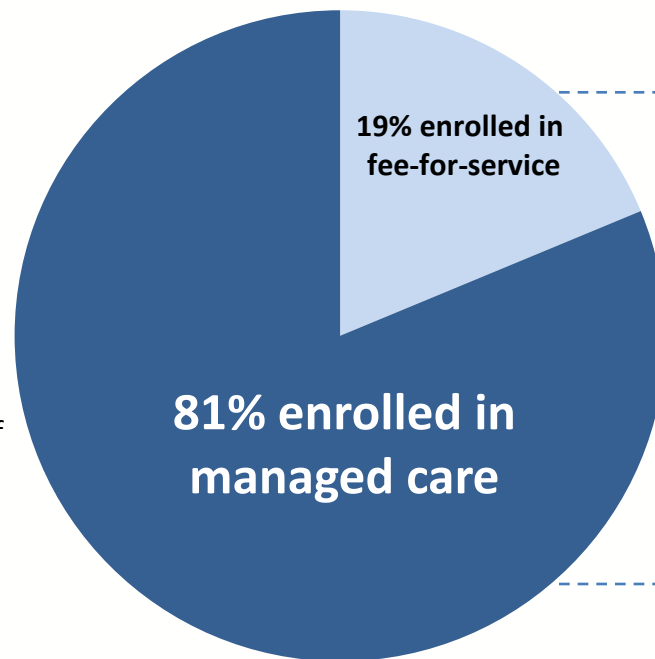


- Medicaid covers the full medical benefit for over 99% of **children** on the caseload.
- Medicaid covers the full medical benefit for close to 60% of **adults** on the caseload. Medicare is the primary payer for nearly 90% of the remainder who are dual eligibles.

Source: Medicaid Assistance Eligible Persons Report – *Preliminary* December Enrollment; Basic Health Monthly Enrollment December 2012

# Delivery Systems for Medical Benefits

Just over 1 million beneficiaries receive their full medical coverage from Medicaid  
(excludes duals, partial duals, family planning-only and alien emergency medical.)



## Current Health Plans

- Amerigroup
- Community Health Plan of Washington (CHPW)
- Coordinated Care
- Molina Healthcare
- UnitedHealth

	FFS	Managed Care
Adults	64,893	220,516
Children	124,582	600,944

Source: Medicaid Assistance Eligible Persons Report – *Preliminary* December Enrollment; Basic Health Monthly Enrollment December 2012

# ACA Coverage Opportunities

# The Supreme Court Decision

A divided Supreme Court ruled that:

- **The Affordable Care Act (ACA) requirement for individuals to have insurance or pay a tax penalty is constitutional.**
- **States can choose not to expand Medicaid to cover all state residents under 133% FPL\*, without risking federal funding for their entire Medicaid program.**

“The Affordable Care Act’s requirement that certain individuals pay a **financial penalty for not obtaining health insurance may reasonably be characterized as a tax.** Because the Constitution permits such a tax, it is not our role to forbid it, or to pass upon its wisdom or fairness.”

– *Chief Justice Roberts in Majority Opinion*

“In this case, the financial ‘inducement’ Congress has chosen is **much more than ‘relatively mild encouragement’**—it is a gun to the head.”

– *Chief Justice Roberts in Majority Opinion*

\* The ACA’s “133% of the FPL” is effectively 138% of the FPL because of a 5% across-the-board income disregard

# The Decision's Implications for Medicaid

## States May Opt Out of Medicaid Expansion



### The Balance of ACA Medicaid Provisions Stand

- **Simplification of Eligibility**
- **Streamlining of Existing Programs**
- **Maintenance of Effort**
- **Drug Rebates in Medicaid Managed Care**
- **DSH Payment Reductions**
- **Delivery System Reform**
- **Primary Care Rate Increase**

# 2014 Medicaid Coverage

- Option to expand Medicaid to 138% of the FPL for adults under age 65 not receiving Medicare\* - based on Modified Adjusted Gross Income (MAGI)
  - **MAGI methodology** defines how income is counted, and how household composition and family size are determined
  - **MAGI** will determine eligibility for children, pregnant women, parents and all adults in the new adult category
  - **Non-MAGI** (classic) Medicaid eligibility standards will still apply to aged, blind, disabled, SSI, & foster children – ACA doesn't impact these groups
  
- Washington's new adult group will include:
  - **Childless adults** with incomes below 138% of the FPL
  - **Parents** with incomes between ~40% and 138% of the FPL

\* The ACA's "133% of the FPL" is effectively 138% of the FPL because of a 5% across-the-board income disregard



# Federal Poverty Levels and Annual Income (2012)

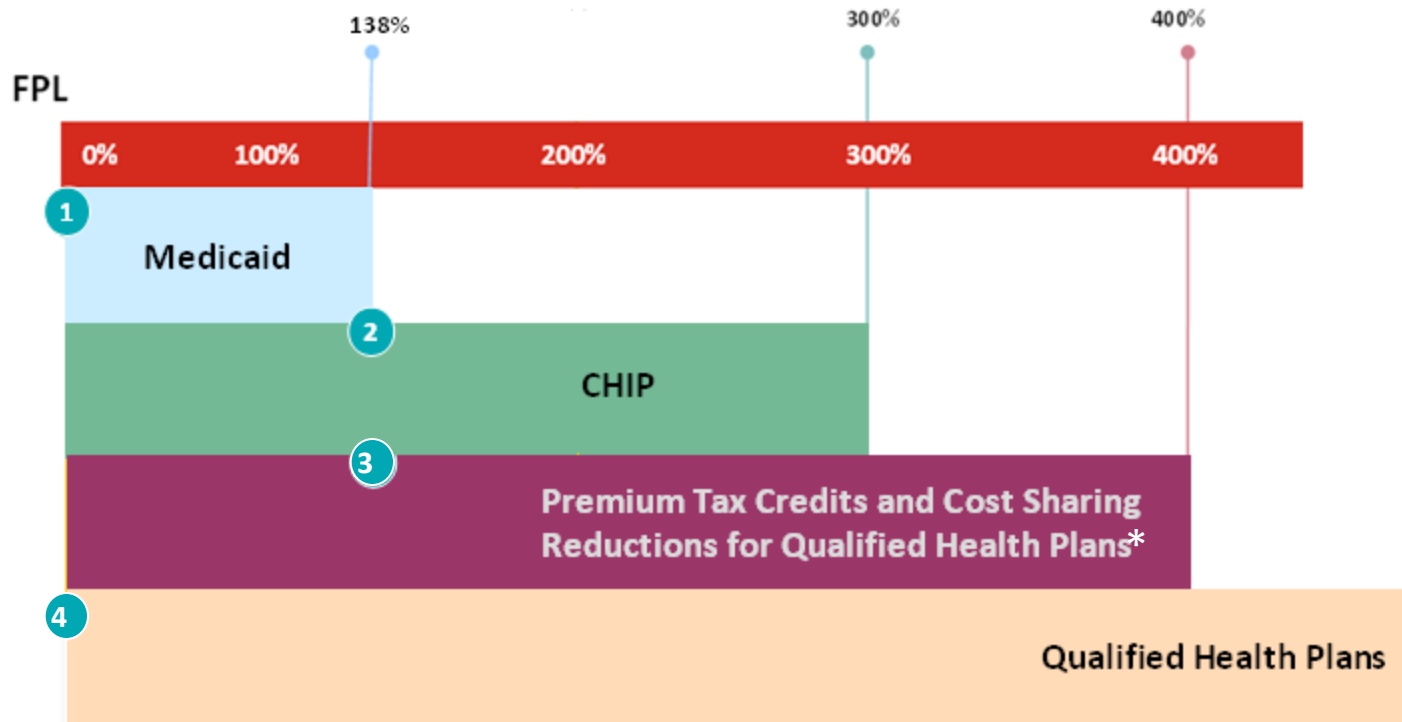
Federal Poverty Level	Annual Income: Individual	Annual Income Level: Family of 3
100%	\$11,170	\$19,090
133%	\$14,856	\$25,390
138%	\$15,415	\$26,344
200%	\$22,340	\$38,180
300%	\$33,510	\$57,270
400%	\$44,680	\$76,360

# Enhanced Federal Funding for New Adult Group

- Newly eligible parents and childless adults are:
  - under 65 years old
  - not pregnant
  - not entitled to Medicare
  - not in an existing Medicaid category (e.g. children, pregnant women, aged, blind and disabled)
  
- Enhanced federal funding for costs of newly eligible adults:

	2014	2015	2016	2017	2018	2019	2020 +
State Share	0%	0%	0%	5%	6%	7%	10%
Federal Share	100%	100%	100%	95%	94%	93%	90%

# 2014 ACA Continuum of “Insurance Affordability Programs”



\* Federal Basic Health Plan Option for individuals with incomes between 138% and 200% of the FPL will not be available in 2014.

# Premium Tax Credits/Cost Sharing Reductions

Individuals up to 400% of the FPL who are ineligible for Medicaid are eligible for premium tax credits and cost sharing reductions, determined by an individual's income levels:

## Premium Tax Credits:

Income Level	Premium as Percent of Income
Up to 133% FPL	2% of income
133-150% FPL	3-4% of income
150-200% FPL	4-6.3% of income
200-250% FPL	6.3-8.05% of income
250-300% FPL	8.05-9.5% of income
300-400% FPL	9.5% of income


## Cost Sharing Reductions:






Income Level	Reduction in Out-of-Pocket Liability
100-150% FPL	94% of the actuarial value*
150-200% FPL	87% of the actuarial value
200-250% FPL	73% of the actuarial value

\*Of the second lowest cost Silver plan

# Qualified Health Plans

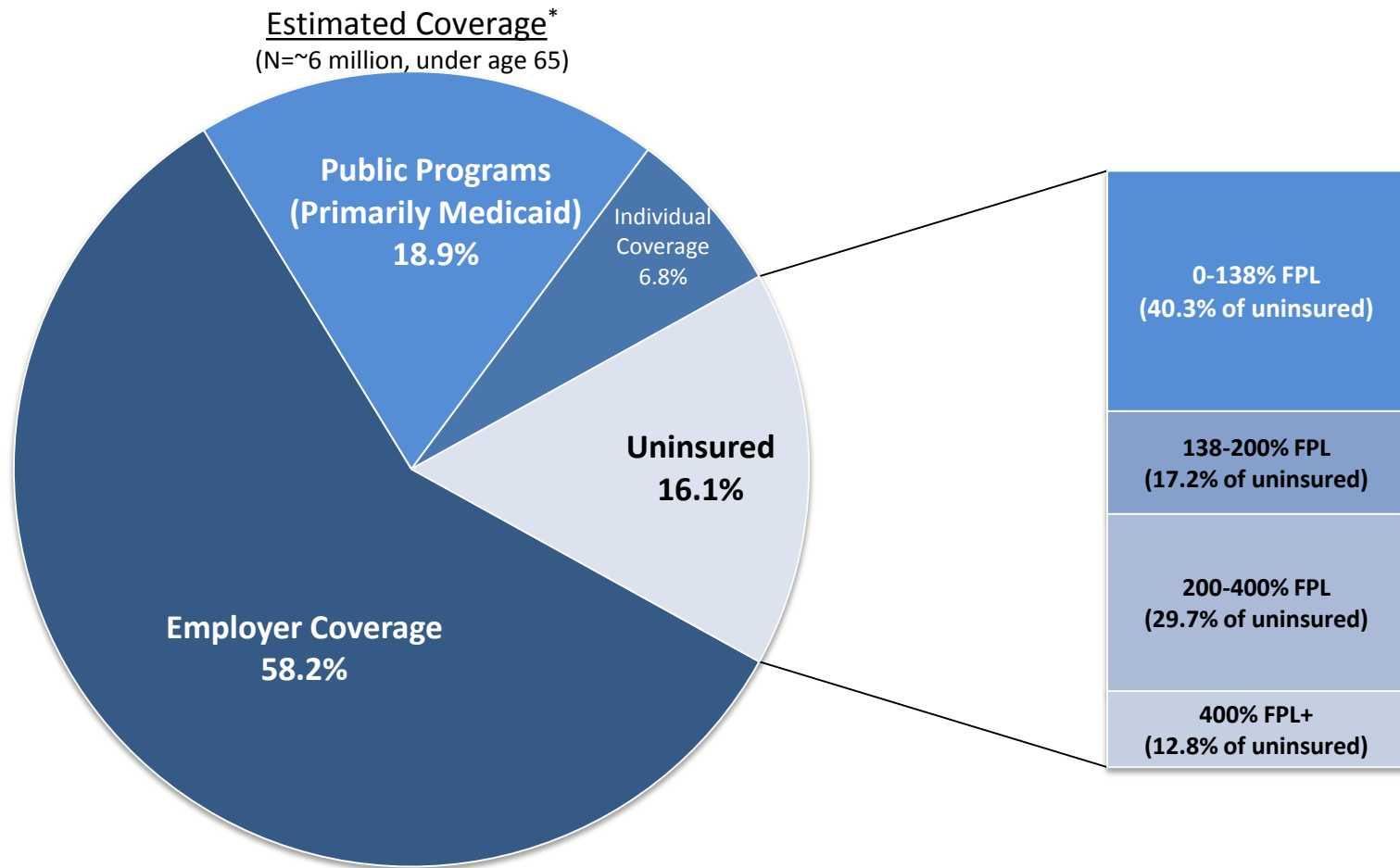
- **Qualified Health Plans (QHPs) will be available to individuals and small employers in the Exchange**
- **The Exchange will:**
  - Set standards for QHPs
  - Certify participating plans, and
  - Rank plans from **bronze to platinum** to indicate what level of coverage the plan offers
- **QHPs must:**
  - Provide “Essential Health Benefits” (EHBs)
  - Ensure sufficient choice of providers
  - Be accountable for performance on clinical quality measures and patient satisfaction
  - Implement a quality improvement strategy
  - Provide accurate and standardized consumer information
  - Be a private health insurance plan
- **13 health insurance plans sent letters of intent to offer QHPs in individual market**  
<http://wahbexchange.org/press/press-releases/washington-health-benefit-exchange-draws-interest-from-health-insurance-carriers/>



	<b>Bronze</b> – covers 60% of actuarial value of benefits
	<b>Silver</b> – covers 70% of actuarial value of benefits
	<b>Gold</b> – covers 80% of actuarial value of benefits
	<b>Platinum</b> – covers 90% of actuarial value of benefits
	<b>Catastrophic</b> – high-deductible plan for individuals up to age 30 or individuals exempted from the mandate to purchase coverage

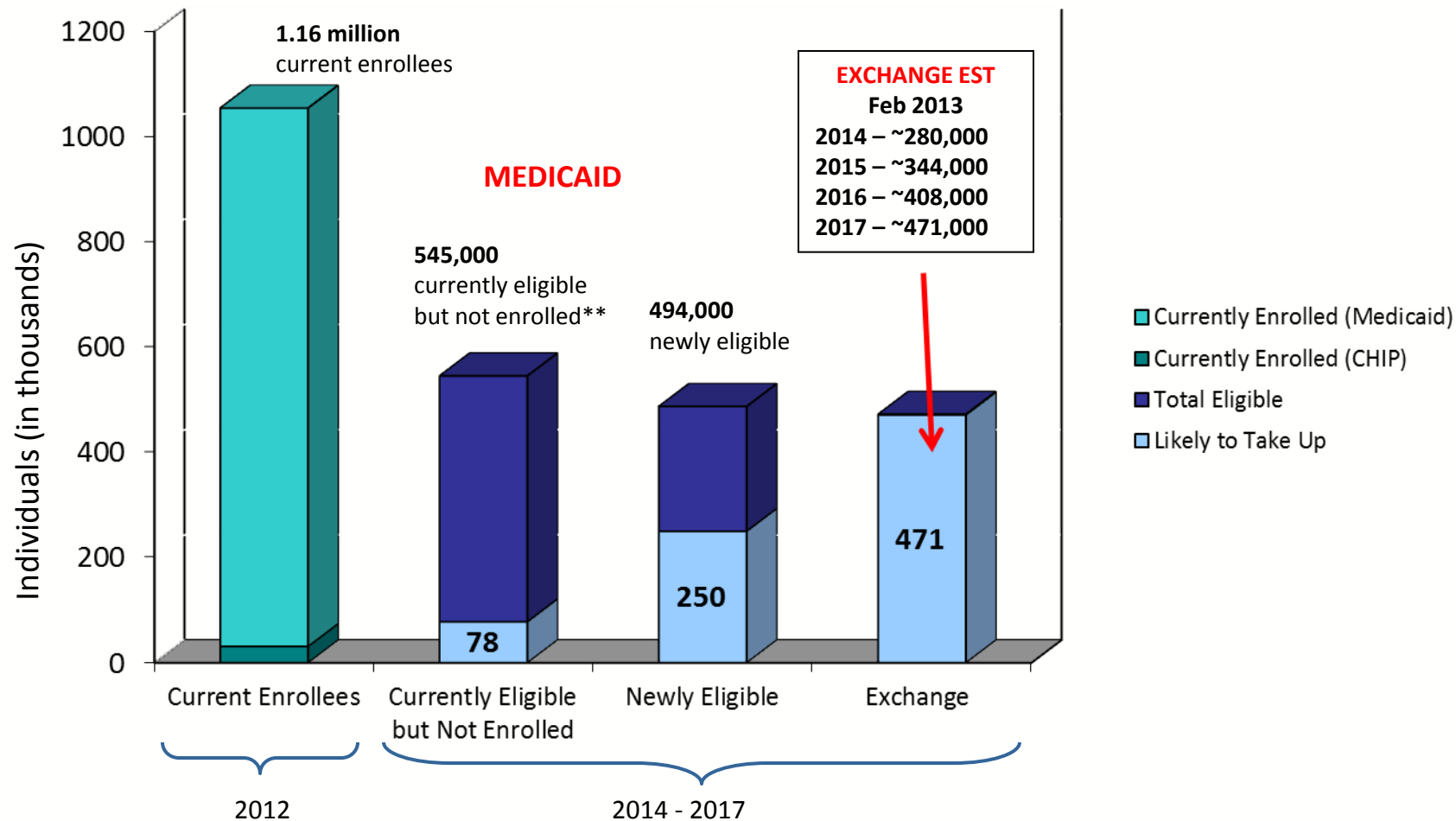
# Medicaid Expansion Estimates

# Pre-Implementation of the ACA: Primary Source of Insurance in Washington State, 2011



\* Source: OFM Estimates from 2011 Single-Year American Community Survey PUMS - includes individuals under age 65

# Post-Implementation of the ACA: Subsidized Coverage Landscape in Washington



Note: Analysis forecast assumes full take up rate and the ACA was in effect in 2011.

\*\*Includes individuals who have access to other coverage (e.g., employer sponsored insurance). Sources: The ACA Medicaid Expansion in Washington, Health Policy Center, Urban Institute (May 2012); The ACA Basic Health Program in Washington State, Health Policy Center, Urban Institute (May 2012); Milliman Market Analysis; and Washington Health Care Authority for Medicaid/CHIP enrollment.



# Health Status of Likely New Medicaid Enrollees

New Medicaid Enrollees Report Good Health Overall

	Eligibility of Projected New Enrollees					
	Currently Eligible, Not Enrolled		Newly Eligible		Total	
	N	%	N	%	N	%
Total	77,913	100.0%	250,308	100.0%	328,221	100.0%
Health Status						
Excellent - Good	58,726	75.4%	180,407	72.1%	239,133	72.9%
Fair - Poor	19,187	24.6%	69,901	27.9%	89,088	27.1%

Source: Urban Institute Analysis of Augmented WA State Database

# Age of Likely New Medicaid Enrollees

Newly Eligible New Enrollees are Almost All Adults

	Eligibility of Projected New Enrollees					
	Currently Eligible, Not Enrolled		Newly Eligible		Total	
	N	%	N	%	N	%
<b>Total</b>	77,913	100.0%	250,308	100.0%	328,221	100.0%
<b>Age</b>						
0 – 18 years	49,115	63.0%	5,512	2.2%	54,627	16.6%
19 - 24 years	2,400	3.1%	80,037	32.0%	82,437	25.1%
25 - 44 years	23,281	29.9%	75,553	30.2%	98,834	30.1%
45 - 64 years	3,117	4.0%	89,206	35.6%	92,323	28.1%

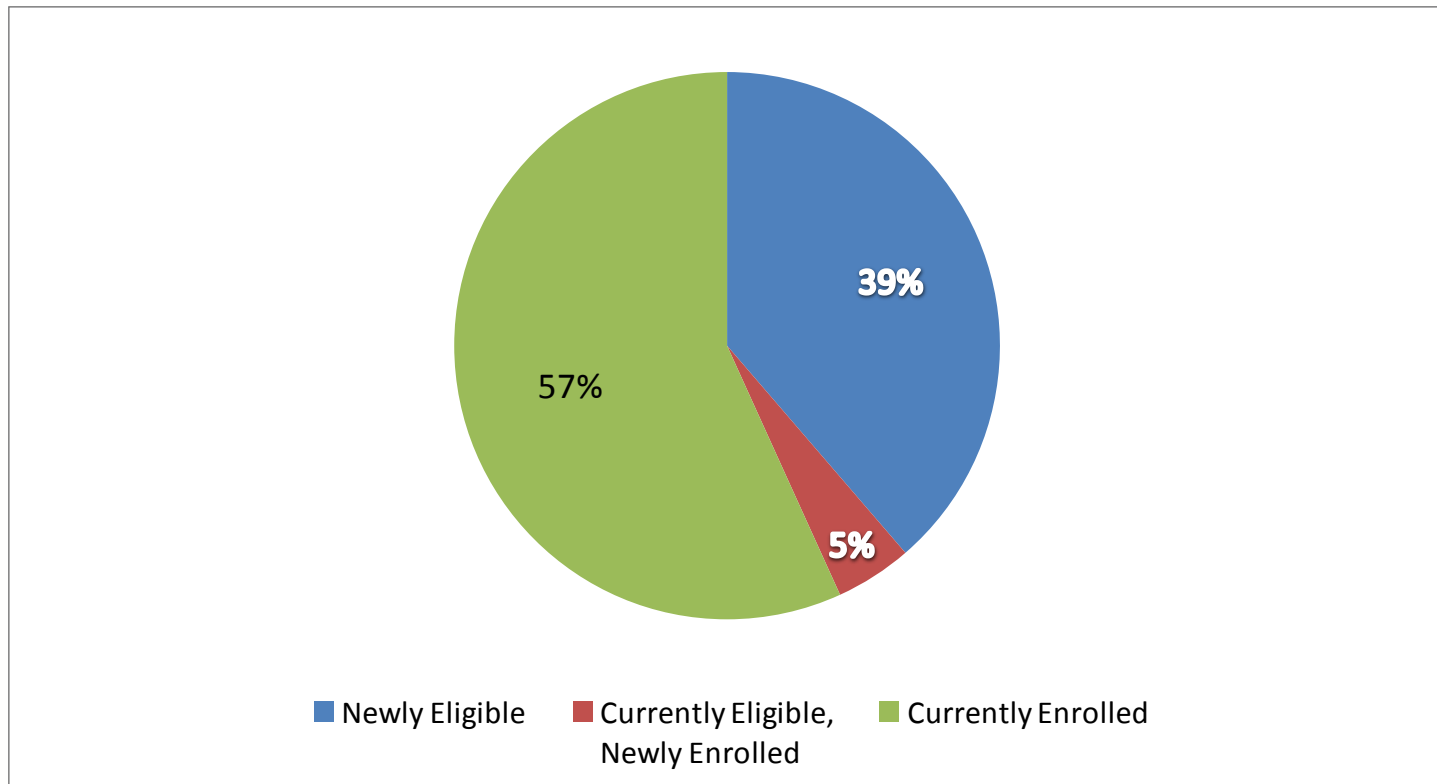
Source: Urban Institute Analysis of Augmented WA State Database

# Post-Implementation of the ACA: Medicaid Enrollment of Nonelderly Adults

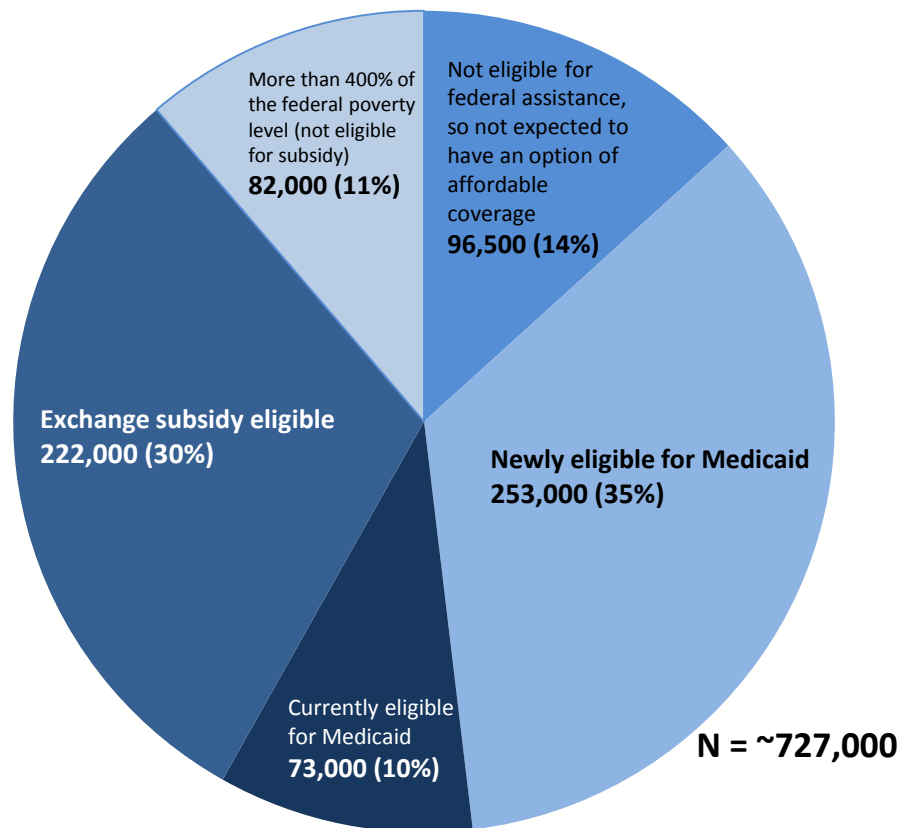
With Large Growth in Enrollment, Average Costs Decline

Reform: 633K Enrollees, Avg. Cost \$7,293

(Baseline: 359K Enrollees, Avg. Cost \$7,906)



***~85% of Washington's uninsured adults will have access to affordable coverage under full implementation of the ACA***








Source: Urban Institute Analysis of Augmented WA State Database

# Uninsured Groups Remain

- Undocumented immigrants
- Individuals exempt from the mandate who choose to not be insured (e.g., because coverage not affordable)
- Individuals subject to the mandate who do not enroll (and are therefore subject to the penalty)
- Individuals who are eligible for Medicaid but do not enroll

# Access to Care

- OFM survey of primary care physicians in WA state show that:
    - ~ 90% of PCPs provide care for some patients covered by Medicaid
    - ~ 80% of PCPs accepting new patients
-  ~30% of this group not including new Medicaid clients
  -  Just over 20% reported all their new patients could be Medicaid
- Reports available include:
    - Characteristics and distribution of current primary care physicians
      - [http://www.ofm.wa.gov/healthcare/deliverysystem/2011\\_PCP\\_survey\\_frequency\\_report.pdf](http://www.ofm.wa.gov/healthcare/deliverysystem/2011_PCP_survey_frequency_report.pdf)
    - Availability of Primary Care Physicians to Serve the Medicaid Expansion
      - <http://www.ofm.wa.gov/researchbriefs/2012/brief065.pdf>
-  Primary care physician rate increases January 1, 2013
  -  OIC health plan network assessment includes essential community providers
  -  HPSA (health care professional shortage areas) concerns remain

# Ongoing Medicaid Expansion Policy Discussions

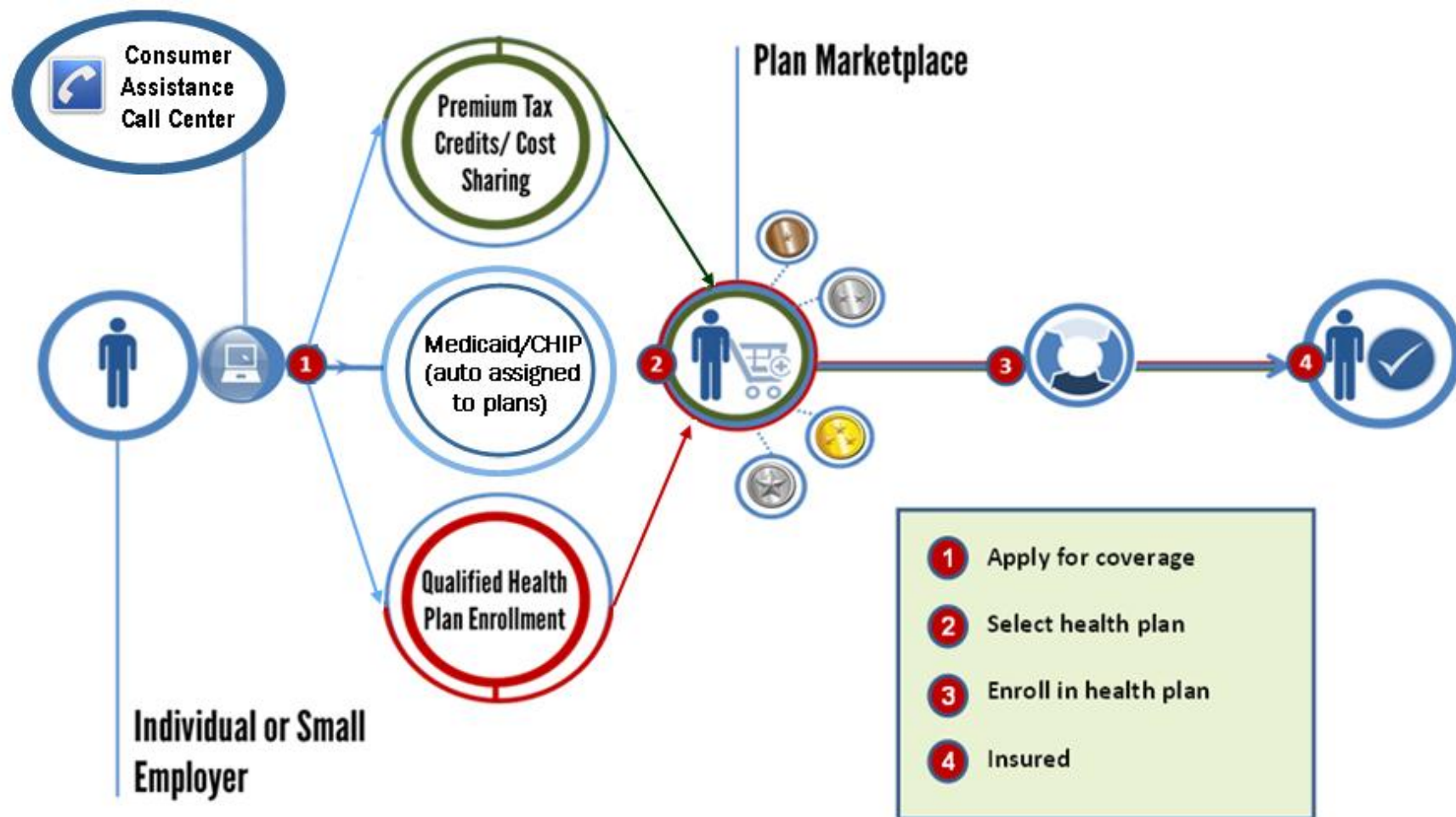
# Medicaid Expansion Goals

- Take advantage of opportunities to streamline administrative processes
- Leverage new federal financing opportunities to ensure the Medicaid expansion is sustainable
- Maximize use of technology to create consumer-friendly application/enrollment/renewal experience
- Maximize continuity of coverage & care as individuals move between subsidized coverage options
- Reform the Washington Way --- comply with, or seek waiver from, specific ACA requirements related to coverage and eligibility, as needs are identified

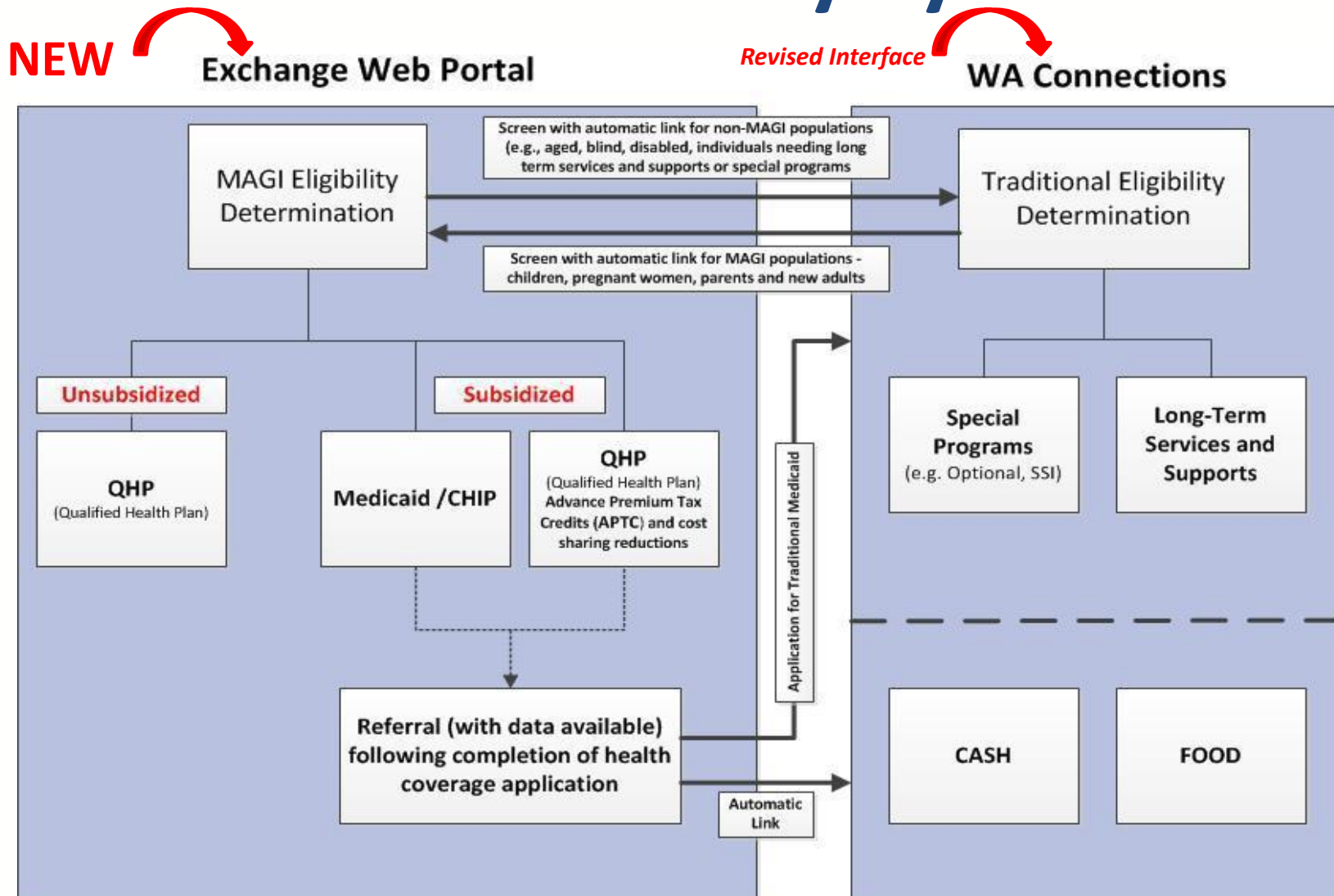


# The Exchange: One-Stop Shopping for Coverage

Think: Amazon.com or Expedia... a simple way to shop for health insurance



# Coordinated Entry Systems



# Consumer Assistance Will Be Available

To reach uninsured Washington residents, the State will rely on:



**Navigators, Agents and Brokers:** will provide help to consumers and small businesses with enrolling into coverage on the Exchange; provide advice to consumers about their enrollment options and premium tax credits; and make referrals of complex cases to Consumer Assistance Programs



**Community-Based Organizations:** Continued partnership with existing community-based network



**Call Center:** Toll-Free Hotline operated by the Exchange to provide insurance application assistance

# Navigator Program Timeline

## January-March

- Board Approval
- Issue RFP

## April-June

- Select Navigator Organizations
- Contracting

## July-September

- Train-Certify Navigators
- Coordinate/train partner

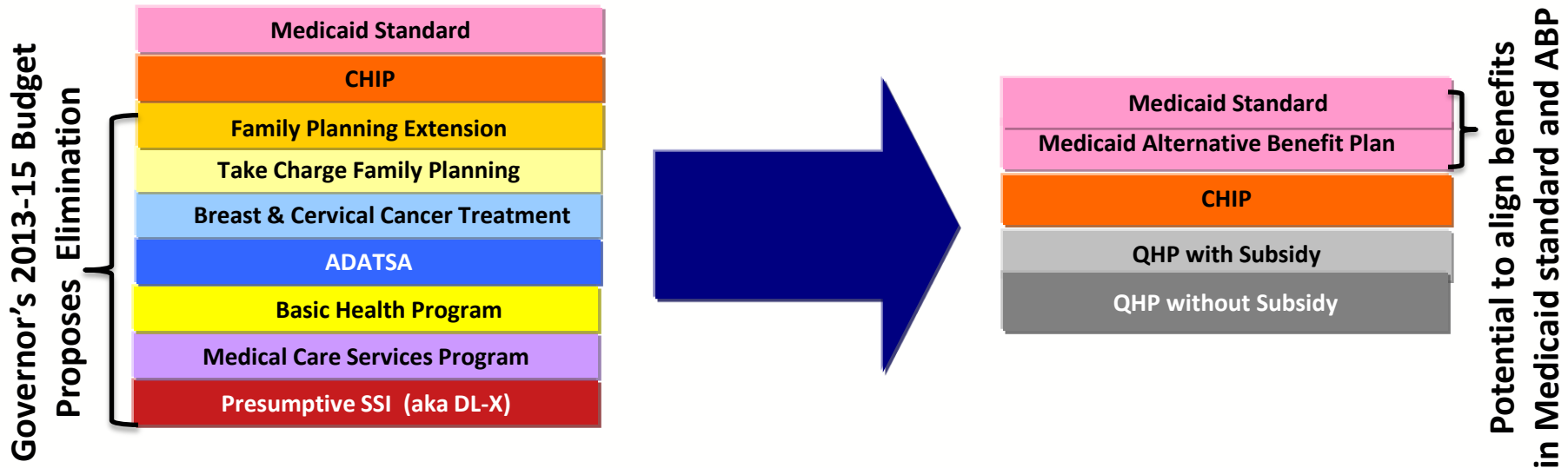
## October-December

- Open Enrollment
- Performance Monitoring



# Opportunity to Streamline Programs

2014 Coverage Continuum through  
Insurance Affordability Programs (IAP)



Streamlining considerations – numbers affected,  
access/continuity of coverage through IAP continuum,  
administrative complexity, transition timing

Revised: February 2013

# Costs of Not Expanding Medicaid



## **Consumers**

Individuals whose incomes are too high for Medicaid but too low for Premium Tax Credits (less than 100% of the FPL) will have no coverage options and NO tax subsidies for purchasing health insurance

## **Providers**

Hospitals will face not only the continued costs of providing uncompensated care, but also a reduction in federal disproportionate share hospital (DSH) funding



## **Employers**

Employers will face new coverage obligations for individuals with incomes between 100% and 138% of the FPL; additionally, large employers will face a penalty if full-time employees in this income bracket obtain a premium tax credit through the Exchange



## **Exchange**

Interfacing between State Medicaid programs and the Exchange will become very complex administratively, with many “hand-offs” and eligibility determinations conducted against a patchwork of existing state Medicaid categories with variable income levels



# Benefits for Newly Eligible Medicaid Adults

- Called Alternative Benefit Plan (aka Medicaid Benchmark)
- Benefits for new adults must:
  - Cover all 10 essential health benefits (EHBs) as defined for Medicaid (may be different from Health Benefits Exchange)
  - Meet mental health parity (currently applies to private health plans and Medicaid managed care but not fee-for-service)
  - Cover non-emergency medical transportation
  - Cover Early Periodic Screening, Diagnosis and Treatment (EPSDT)
- Benefits for new adults may:
  - Align with existing Medicaid benefit package
  - Differ for different eligibility groups
- Strawman -

## Essential Health Benefits

1. Ambulatory services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care

[http://www.hca.wa.gov/me/documents/alternative\\_benefit\\_plan\\_strawman020713.pdf](http://www.hca.wa.gov/me/documents/alternative_benefit_plan_strawman020713.pdf)

# Problem - Multiple ABPs for Adults



## Consumers

Potential for fewer benefits to be covered by current Medicaid standard creates equity issue and confusion over care covered when circumstances change Medicaid enrollee's income

## Providers

Service delivery and payment confusing if coverage for Medicaid adults differs between Medicaid standard and the ABP



## Health Plans

Tracking and communicating benefit changes to enrollees (and their providers) increased and complex; provider payments confused when adult status *within* Medicaid changes; rate development more difficult

## State/Federal Governments

Systems interfaces and administration complicated when adult status *within* Medicaid changes (e.g., increased tracking and monitoring; challenging communication to beneficiaries, providers and health plans; complex payments and reconciliation)



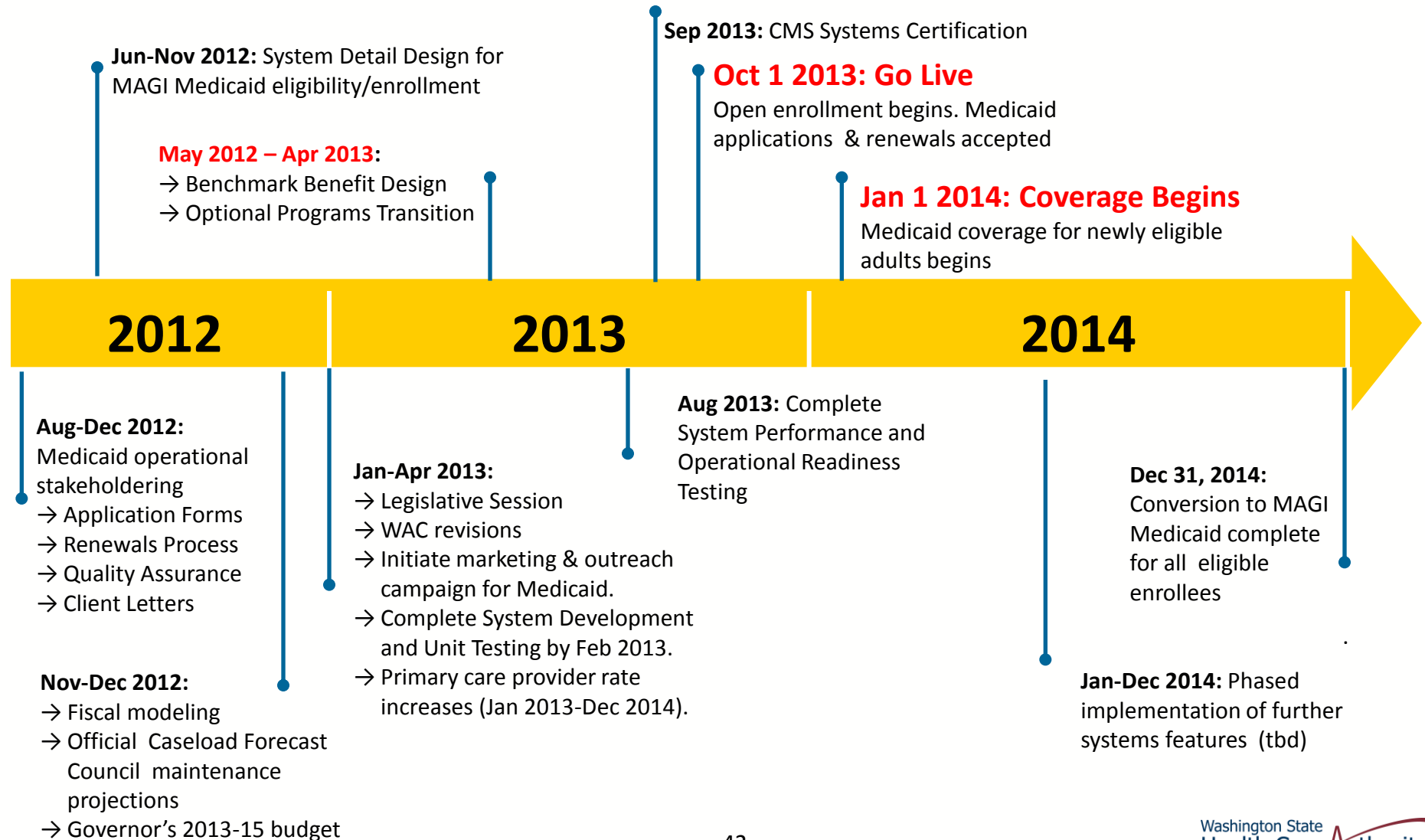


# Churn Across Coverage Options

- Changes in circumstances cause churn across coverage (e.g., income, family or employment status, pregnancy, child birth)
- Differing eligibility levels potentially split families across different managed care plans and provider networks (e.g., children/pregnant mother in Medicaid, father in Exchange)
- Options continue to be discussed with managed care plans – current Medicaid and potential Exchange Qualified Health Plans may differ

***The Challenge = rationalizing and simplifying family coverage options***

# Timeline: Much Work to be Done!

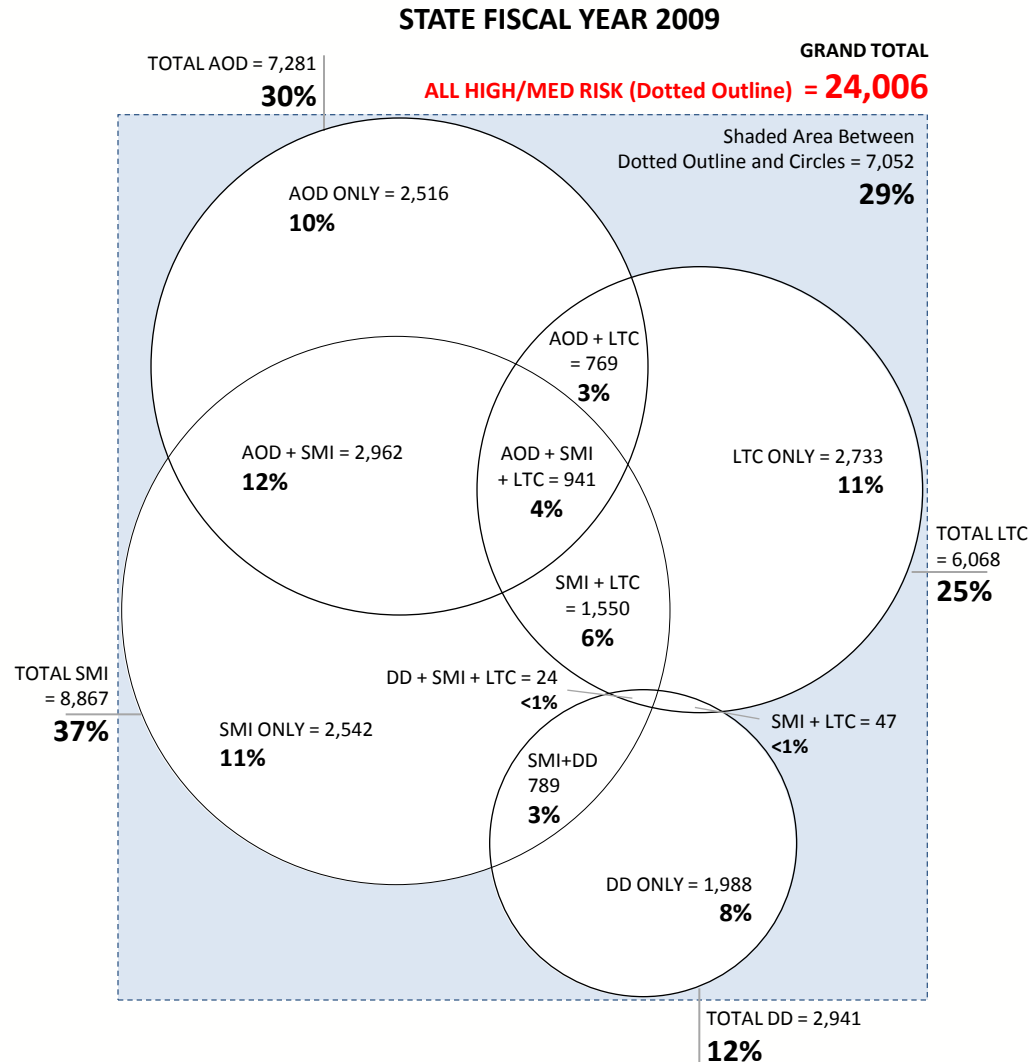


# Complementary Reform Efforts

# Washington State's Challenge

- Medicaid delivery system silos
  - Managed care, fee-for-service
  - County-based behavioral health
  - Dual-eligibles
  - Long-term services and supports
- Fragmented service delivery and lack of overall accountability
- Service needs and risk factors overlap in high-risk populations
- Incentives and reimbursement structures not aligned to achieve outcomes
- Existing design not sustainable

# Service need and risk factor overlaps among high medical need Medicaid Only Disabled clients



SOURCE: DSHS Research and Data Analysis Division, Integrated Client Database, January 2012.

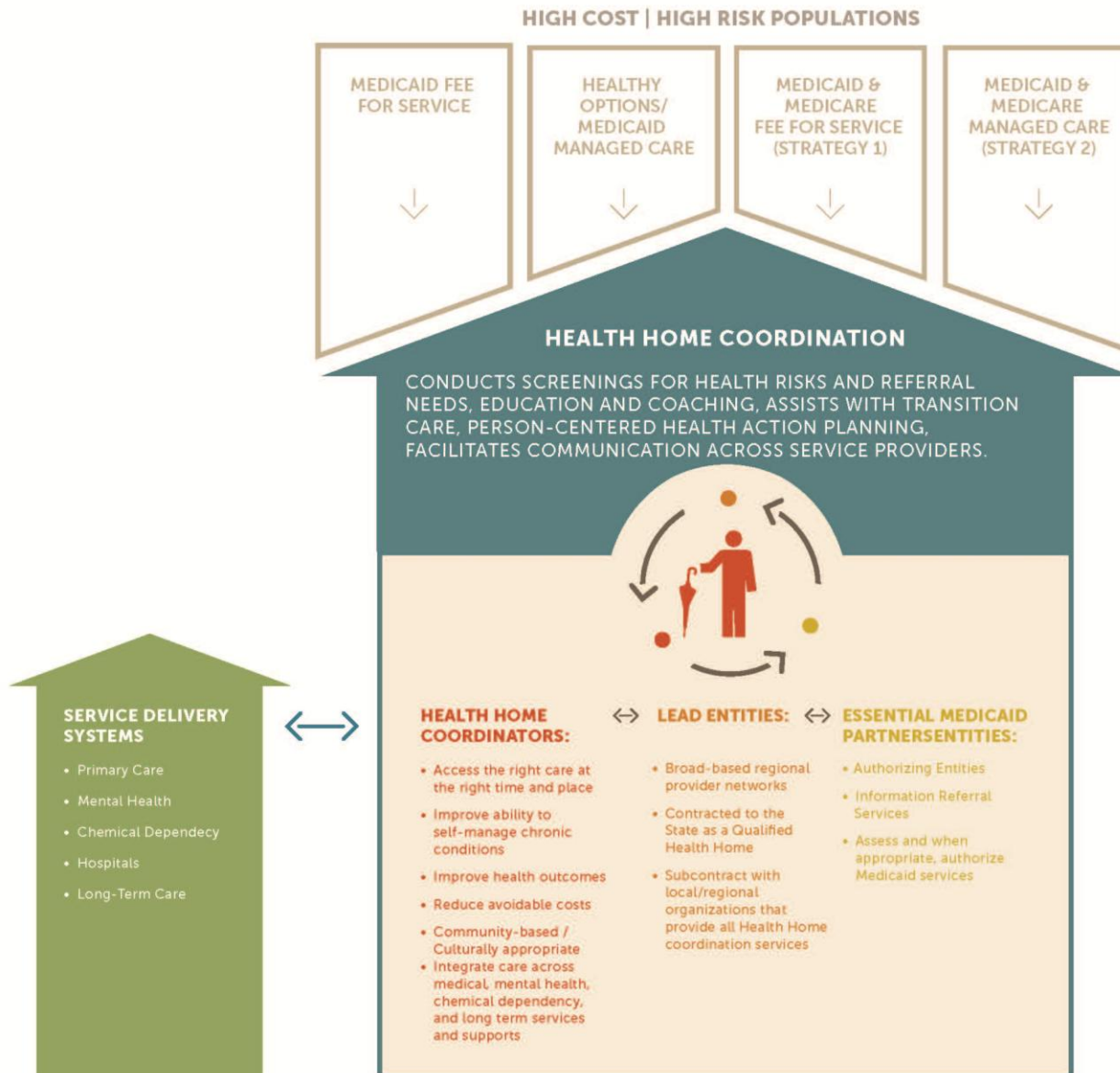
# Key Purchasing Initiatives

- Joint procurement for Medicaid and Basic Health managed care (2012)
- Medicaid expansion – the new coverage continuum
- Evidence-based purchasing initiatives
- Bree Collaborative
- Multi-payer medical home pilot
- Integrated care pilots
- Payment Reform (Centers for Medicare and Medicaid Innovation grant proposal submitted)
- Payment and program integrity

# HealthPathWashington

- Collaborative effort by DSHS and HCA
- Opportunity to design innovative care models for individuals eligible for both Medicare and Medicaid
  - **Medicaid:** At risk for long-term supports and services, and behavioral health costs
  - **Medicare:** At risk for medical costs
- Washington one of 15 participating states; 2<sup>nd</sup> in the nation to gain federal approval for first strategy
  - **Strategy 1:** Health homes, enhanced integration and coordination of care. To begin mid-2013.
  - **Strategy 2:** Full managed care benefit package. To begin in 2014.
- Seeks shared savings with Medicare, but real goal to improve care with outcome and cost targets

# A Health Home Provides Integrated Care For:





# After Health Home

- My Health Home Coordinator
- Lead Entity

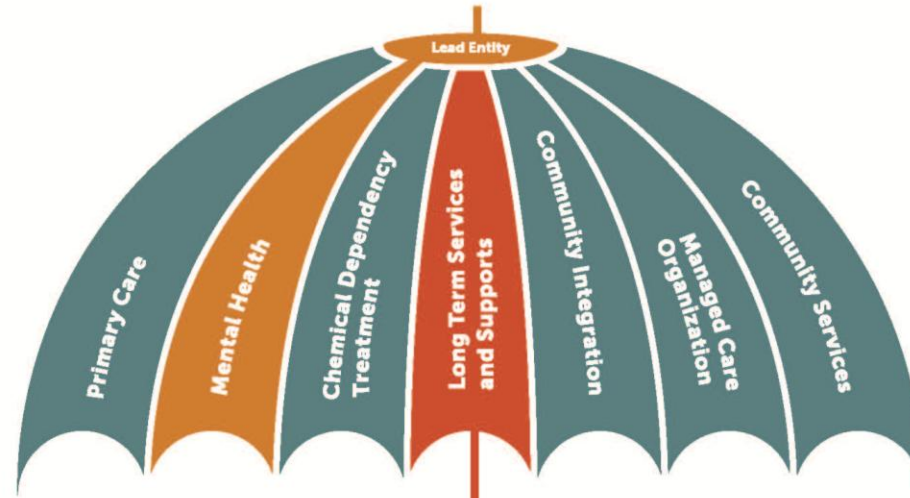


HealthPath  
Washington

Before



The Empowered  
Beneficiary



**My Health Home Coordinator**

HHC: Long Term Services and Supports  
LE: Mental Health Provider

# Coordination and Integration Create A Better Care Experience for the Beneficiary



# For More Information

- Main HCA web-site: <http://www.hca.wa.gov/>
  - For information about the Medicaid expansion:  
<http://www.hca.wa.gov/hcr/me>
  - To contact the HCA concerning the Medicaid expansion:  
[medicaidexpansion2014@hca.wa.gov](mailto:medicaidexpansion2014@hca.wa.gov)
- Main Exchange web-site: <http://www.wahbexchange.org>
- HCA webinars and presentations around the state
  - See upcoming schedule and past events at:  
<http://www.hca.wa.gov/hcr/me/stakeholdering.html>
- HCA listserv notification
  - Subscribe at:  
<http://listserv.wa.gov/cgi-bin/wa?SUBED1=HCA-STAKEHOLDERS&A=1>